

## Message Text

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PAGE 01 CANBER 00329 130601Z  
ACTION EA-12

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 INT-05  
SS-15 SP-02 NSC-05 L-03 OPIC-06 EPA-04 OES-07  
PRS-01 /070 W  
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R 130411Z JAN 78  
FM AMEMBASSY CANBERRA  
TO SECSTATE WASHDC 2159

UNCLAS CANBERRA 0329

E.O. 11652: NA  
TAGS: EMIN, EFIN, EINV, SENV, AS  
SUBJ: DILLINGHAM WITHDRAWS FROM MINERAL SANDMINING IN AUSTRALIA

REF: 77 CANBERRA 8546

1. JANUARY 13 ARTICLES IN THE AUSTRALIAN PRESS REPORT THAT  
DILLINGHAM CORPORATION IS WITHDRAWING COMPLETELY FROM SANDMINING  
IN AUSTRALIA.

2. THE AUSTRALIAN REPORTS: "SPEAKING IN HONOLULU YESTERDAY,  
THE COMPANY'S EXECUTIVE VICE-PRESIDENT, MR. E. L. CARTER,  
SAID CANBERRA'S REFUSAL TO ALLOW CONTINUED MINING ON FRASER  
ISLAND, WHERE 200 WORKERS ARE EMPLOYED, AND A NSW DECISION  
TO BAN FUTURE MINING IN AREAS DESIGNATED AS NATIONAL PARKS  
HAD FORCED DILLINGHAM OUT OF THE BUSINESS IN AUSTRALIA.

"THE NATIONAL PARKS BAN WOULD PREVENT THE COMPANY FROM MINING  
MOST OF ITS LEASED AREAS AND SEVERELY REDUCED THE REMAINING  
LIFE OF ITS OPERATIONS.

"MR. CARTER DESCRIBED THE GOVERNMENT MOVES AS "UNPRECEDENTED  
REVERSALS OF LONG-STANDING POLICY."

"AFTER A THOROUGH REVIEW OF THE OPTIONS AVAILABLE TO US,  
WE HAVE CONCLUDED THE NSW GOVERNMENT'S ACTION, COMBINED WITH  
THE FEDERAL GOVERNMENT'S ACTION ON FRASER ISLAND, MAKES IT  
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IMPOSSIBLE FOR US TO CONTINUE MINERAL SANDS MINING IN AUSTRALIA,  
HE SAID".

3. SYDNEY MORNING HERALD STATES IT WAS PRIMARILY THE NEW  
SOUTH WALES GOVERNMENT DECISION TO BAN SANDMINING IN NATIONAL  
PARKS THAT PRECIPITATED THE DECISION TO QUIT. DILLINGHAM  
HAS TWO MAJOR SAND MINES ON THE NSW COAST AND 70 MINIG LEASES.

MANAGING DIRECTOR DERRY HILL EXPLAINED THAT BEFORE THE STATE GOVERNMENT'S DECISION ON NATIONAL PARKS, THE COMPANY HAD RESERVES FOR ANOTHER FIVE TO SEVEN YEARS' MINING. NOW, WITH FRASER ISLAND AND ABOUT 75 PERCENT OF ITS NSW RESERVES GONE, THE LIFE OF THE OPERATIONS WOULD ONLY BE ABOUT TWO YEARS.

4. DISMISSALS OF ALL BUT A FEW OF THE 350 AFFECTED EMPLOYEES HAVE ALREADY BEEN CARRIED OUT. DILLINGHAM HAS 18 MONTHS' AND TWO YEARS' SUPPLY OF UNSOLD RUTILE AND ZIRCON RESPECTIVELY STILL IN WAREHOUSES. THESE STOCKS AND THE REMAINING LEASES WILL BE SOLD. DILLINGHAM'S OTHER AUSTRALIAN INTERESTS - SHIPPING, BEEF, CONSTRUCTION, AND PROPERTY DEVELOPMENT - WILL REPORTEDLY NOT BE AFFECTED BY THE SANDMINING DECISION. ALSTON

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## Message Attributes

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**Review Markings:**  
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